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August 21, 2009

MEMORANDUM

To: Representative Sandy Pope-Roberts
Room 209 North, Capitol

From: Jeff Kuesel, Managing Attorney
Marc Shovers, Managing Attorney

Subject: 2009 Assembly Bill 388 relating to campaign financing — Technical note by
Department of Revenue

In the attached technical note, the Department of Revenue makes 4 points:

1. SECTION 165 — DOR suggests that a loan or advance that is expected to be repaid be made ineligible for the proposed tax credit. You may wish to consider making that change.
2. SECTION 147 — DOR states that the certification of eligible political parties for the proposed partisan checkoff will not be made in time to be reflected on income tax forms for the year in which the certification is made. The bill does not require this to be done. Because the information required to make the certification is not available until after DOR would need it in order to be reflected on the income tax forms, we do not feel that it is possible to address this concern. Under the bill, the certification is reflected on income tax forms at the next printing after the certification is made.
3. SECTION 166 — DOR stated that additional clarity is needed to inform tax filers of the options available to them. Under the bill, there are two options for tax filers: a) a party designation; or b) no party designation. The bill provides an apportionment formula for the noneys that tax filers direct without a party designation. Since under the bill, there is nothing a tax filer can do to change the method of apportionment, we do not see that additional specificity is necessary.
4. SECTIONS 147 and 172 (5) — DOR states that the initial applicability date for the partisan checkoff could occur before the names of the qualifying political parties are certified to DOR. Under SECTIONS 172 (5) and 173 (1), the partisan checkoff will begin in taxable year 2011 or 2012. The first certification under SECTION 147 will likely occur in 2010. Therefore, we do not see the potential for the problem envisioned by DOR.

Cc: Bill File

Jessica Karls, L.C. Staff

MEMORANDUM

August 17, 2009

TO: Jeffery Kuesel
Marc Shovers
Legislative Reference Bureau

FROM: Rebecca Boldt
Department of Revenue

SUBJECT: Technical Memorandum on Assembly Bill 388 (LRB 2947/1) – Campaign Finance Reform

The Department has the following concerns related to the bill:

For purposes of the public integrity endowment tax credit, "contribution" is defined in sec. 11.01(6), which includes "a gift, subscription, loan, advance . . ." Is it the intent that a person who makes a loan to the Public Integrity Endowment would receive a tax credit equal to the amount of the loan? It does not appear that a loan should qualify for the credit as the amount would be repaid.

Section 11.50(14)(a)2 provides that the board must certify the names of certain political parties to the department by December 15. This is too late to incorporate the names of the parties into the tax forms for that year. These forms are sent to the printer between October 15 and November 15. Any delay until December would mean that tax forms for would not be available to the public until sometime in February.

Section 167 of the bill provides that individuals "may designate \$5 for transfer to the Wisconsin election campaign fund and the democracy trust fund for the use of eligible candidates under s. 11.50." It is unclear whether there are to be two separate designations on the return where individuals may designate \$5 to the election campaign fund and another \$5 to the democracy trust fund, or if an individual may choose to designate \$5 to either the election campaign fund or the democracy trust fund, or if there is only one designation to the election campaign fund but a portion of those designations is used to fund the democracy trust fund (2/3 of the general account of the election campaign fund). Clarification is needed.

There would be a problem with the initial applicability date only if the increased designations first applied to taxable years beginning in 2009 as the Government Accountability Board is only required to provide names of parties in even numbered years.

If you have any questions regarding this technical memorandum, please contact Brad Caruth at 608-261-8984 or Bradley.Caruth@revenue.wi.gov.

cc: Representative Pope-Roberts